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No.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

THE SIDWELL COMPANY,

Petitioner,

vs.

REAL ESTATE DATA, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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QUESTIONS PRESENTED

1. Whether the court below, contrary to Article I Section 8 of the Constitution, broadened Section 26 of the 1909 Copyright Act by interpreting the word "author" in said Act to include a non-author commissioning party, thereby vesting initial ownership of copyrights in a non-author instead of the author of the works.

2. Whether the decision of the court below is in conflict with the established law, under the 1909 Copyright Act, which provides that an author who creates as an independent contractor, and not as an employee, retains the right to renew the copyright on the work.

3. Whether the court below committed error in failing to reverse the judgment of the trial court that there was insufficient admissible evidence to support the author's claim that the original intent of the contracting parties was that the author retain ownership of the copyright on the works created by the author.

LIST OF PARTIES AND RULE 29.1 LIST

The parties to the proceedings below were the Petitioner, The Sidwell Company and the Respondent, Real Estate Data, Inc.

Petitioner, the Sidwell Company has no parent companies, subsidiaries, or affiliates to list pursuant to Rule 29.1.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Petitioner, The Sidwell Company Incorporated, ("Sidwell") respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit in this case.

OPINIONS BELOW

The order of the Court of Appeals for the Seventh Circuit (App. A) which affirms the decisions of the United States District Court for the Northern District of Illinois (App. B, C) is reported at 907 F.2d 770. A prior court of appeals decision (App. F) involving a previous appeal

of this same case is reported at 809 F.2d 366. The two memorandum decisions of the United States District Court for the Northern District of Illinois (App. B, C) are not reported.

JURISDICTION

The judgment and decision of the court of appeals was entered on July 25, 1990 (App. H, H1). Sidwell's petition for rehearing was denied September 14, 1990 (App. I, I1). The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1). Original jurisdiction in the district court was invoked under 28 U.S.C. §1331, §§1332(a) and 1338(a).

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED

U.S. Const., Art. I, §8, cl. 2 provides:

> . . . To promote the Progress of Science and useful arts . . . [Congress may] secur[e] for limited Time to Authors . . . the exclusive Right to their . . . Writings . . .

Section 26 of the 1909 Copyright Act (17 U.S.C. §26), provides in pertinent part:

> . . . The word "author" shall include an employer in the case of works made for hire.

Section 24 of the 1909 Copyright Act (17 U.S.C. §24) provides in pertinent part:

> In the case of . . . any work copyrighted by a corporate body (other than as the assignee or licensee of

> the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright . . . provided further, that in the case of any copyrighted work, including a contribution by an individual to a periodical or to a cyclopedia or other composite work, the author of such work . . . shall be entitled to a renewal and an extension of the copyright in such work . . .

STATEMENT

1. The decision and judgment rendered by the United States Court of Appeals for the Seventh Circuit (App. A, H), to which Sidwell is respectfully petitioning for a writ of certiorari, is actually a consolidation of two actions between the petitioner, The Sidwell Company ("Sidwell") and the respondent, Real Estate Data, Inc. ("REDI").

Petitioner Sidwell is an Illinois company originally founded as Sidwell Studios, a proprietorship. Sidwell painstakingly created and copyrighted the original official tax maps for Cook County, Illinois pursuant to two contracts: one in November, 1957 and one in January, 1959. The first contract was between the Cook County Clerk and Sidwell for tax maps for the City of Chicago. That contract was not contested at the trial proceedings, as noted by the court of appeals in its first opinion (App. F2). The second contract was between the Cook County Board and Sidwell for maps for Cook County, excluding the City of Chicago.

The written contract with Cook County was short, and did not contain any express provision about copyright ownership, although it did require the maps to conform

to the samples furnished with Sidwell's proposal, which maps had Sidwell's copyright notice.

When asked about Sidwell's policy in the 1950's concerning copyrights on the maps it makes, Sidwell's president said "I said we weren't sophisticated in these matters, and it wasn't policy to have it written out, spelled out, in the contract at that time. It was policy to obtain the copyright." When asked again about Sidwell's policy, he added "Well, we were the author. We were the author. We would automatically presume it would be in the company name". (Rex deposition transcript pp. 545-556). As to the specific contract with Cook County, when asked if Sidwell sought to have a copyright provision in the contract, he said "I would have no option to do that. That's their boiler plate contract for this sort of work. They made the rules." Then, when asked if there was an impediment to changing provisions in the contract, he said "Well, in dealing with large municipal governments, you don't make those kind of suggestions if you want to get anything accomplished or signed." Asked if there was pressure to sign what was presented to Sidwell, he said "There's standard boiler plate forms, yes." (Rex deposition transcript pp. 578-579).

These maps, created by Sidwell from aerial photographs taken by Sidwell, identify each parcel of property in Cook County, Illinois and the City of Chicago by tax identification numbers by means of lettering applied to the maps by Sidwell. All the maps produced by Sidwell bore a copyright notice identifying Sidwell as the proprietor, and Sidwell duly registered the copyrights. Various departments in Cook County use these maps. The maps are also made available for the public's inspection (but until this lawsuit, *not* for commercial copying). The County has never marketed these maps itself and has never asserted any

copyright ownership in them. Sidwell has from 1960 to date marketed these maps to private businesses such as realtors and title companies, etc., who need to refer to the maps on a daily basis.

After the time it entered the contracts, Sidwell has offered consulting services to Cook County to update the maps and has obtained renewal copyrights on many of the maps.

At the commencement of this action, Respondent was a Delaware corporation with its principal place of business in the State of Florida. REDI filed an action against Sidwell on July 20, 1978 seeking, *inter alia*, a declaratory judgment of copyright invalidity.[1]

After a trial on the merits, the district court entered judgment for REDI declaring that the copyrights claimed by Sidwell on the Cook County official tax maps were invalid. In support of that order, the district court found that the second contract, between Sidwell and the Cook County Board, did not mention ownership of the copyrights and that under the work-for-hire doctrine, the County, as "the employer of Sidwell, is presumed to be the owner of the copyrights, absent persuasive evidence to the contrary. That is, the copyrights belong to the County by operation of law, unless there was a specific intention to give the right to Sidwell." (App. D, D3).

Sidwell appealed the above decision to the United States Court of Appeals for the Seventh Circuit. The Seventh Circuit reversed and remanded the district court's decision stating that the lower court applied an incorrect legal standard. The Seventh Circuit stated:

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[1] REDI also filed a second count for breach of contract, which count has not yet been addressed by the court below.

> Under the work-for-hire doctrine, an independent contractor is not required to show that there was an *express* agreement regarding copyrights. In keeping with general contract principles, the presumption that the party commissioning the work is to retain these rights can be rebutted by the conduct of the parties in the absence of a written agreement." (emphasis in original) (App. F13) (*Real Estate Data, Inc. v. Sidwell Company*, 809 F.2d 366, 374 (7th Cir. 1987)

The Court of Appeals for the Seventh Circuit, in its 1987 opinion (App. F) (809 F.2d 366), took note of the many factors tending to indicate the original intention of Sidwell and the Cook County Board relative to copyright ownership:

Sidwell has marketed the maps commercially since 1960, with its copyright notice, and has otherwise continuously represented itself as the copyright owner, and Cook County has done nothing during that time to assert any ownership in the copyrights nor has the County disputed Sidwell's claim of ownership. (App. F4) (809 F.2d 370). The successor County Clerk filed, pursuant to an order of the trial court, a statement resisting joinder of the County and referring to this lawsuit as a "private dispute". (App. F5) (809 F.2d 370) Sidwell sent letters to the County Clerk and to the Chief Clerk of the map department protesting an alleged plan to market copies of the maps, and the County subsequently did not market the maps. (App. F11-12) (809 F.2d 373) Sidwell offered evidence that the amount of consideration Sidwell received from the County was adequate only if Sidwell owned the resulting copyrights. (App. F14) (809 F.2d 375) The court of appeals observed that the County may have been put on notice of Sidwell's copyright claim as a result of the contractual requirement that the County Purchasing Agent inspect and accept the maps (bearing the copyright notice) pro-

duced by Sidwell under the contract. (App. F15) (809 F.2d 375) Sample maps bearing the copyright notice had also been submitted as a part of Sidwell's proposal for the contract with the County. (App. F10) (809 F.2d 373)

The court of appeals also noted that Sidwell had offered parol evidence bearing on the original intention of the parties,[2] which had been excluded by the trial court, under the parol evidence rule. (App F16) (809 F.2d 376) Although recognizing that such evidence was admissible to establish the original intentions of the parties, the court of appeals nevertheless held it could not evaluate the rulings of inadmissibility of this evidence without a finding as to whether the contract with the County was a partial or total integration (App F16) (809 F.2d 376); however the court of appeals did observe that the contract was surprisingly brief, given the size and complexity of the undertaking. (App. F14) (809 F.2d 375)

After remand, the district court found the contract to be a total integration, and again entered judgment in favor of REDI after entering additional findings of fact and conclusions of law submitted by REDI (App. B) which findings and conclusions ignore the aforesaid parol evidence.

Sidwell appealed the decision to the Court of Appeals for the Seventh Circuit, stating that the district court again did not apply the correct legal standard as it was instructed to on remand, and that the additional findings were not supported in the record. The court consolidated that appeal with an appeal from the second lawsuit between Sidwell and REDI.

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[2] The parol evidence also tends to show that the marketing efforts of Sidwell constituted the motivating force for the first and second contracts.

2. The second lawsuit was filed by Sidwell in 1986 against REDI for copyright infringement, after REDI first began to copy the maps and market the copies in competition with Sidwell in 1986. Sidwell sought a preliminary injunction to stop REDI from copying and marketing the copyrighted maps. The district court denied Sidwell's motion for preliminary injunction based on the trial court's decision rendered in the case filed by REDI, which case was then on appeal. (App. E) Sidwell filed an emergency notice of appeal to the Court of Appeals for the Seventh Circuit, but that appeal was held in abeyance, pending decision of the pending "first appeal". After reversing and remanding the first appeal, the Court of Appeals for the Seventh Circuit then remanded, without a hearing, Sidwell's second appeal from the decision denying its request for a preliminary injunction. The Seventh Circuit suggested that the two cases be considered together on remand. (App. G)

After remand, the second case was reassigned, and Sidwell renewed its motion for preliminary injunction,[3] relying on the record made at the time of its original motion for preliminary injunction. The motion was based on REDI's copying and Sidwell's copyrights on maps produced under the first contract with the County Clerk, and renewal copyrights on the maps created under the contract with the County Board. Neither the City of Chicago copyrights (created by Sidwell under the first contract) nor the renewal copyrights were adjudicated in REDI's prior filed claim for declaratory judgment of invalidity. (App F, F2, F18)

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[3] Although the two cases were now before the same trial judge they were never officially consolidated.

The district court denied Sidwell's motion for preliminary injunction stating that "the court concludes, based in part upon its familiarity with the history of this litigation, that Sidwell has not demonstrated likelihood of success on the merits". (App. C3). Thus, the court's prior conclusions on the original copyrights were controlling on the renewal copyrights.

Sidwell then appealed that decision to the United States Court of Appeals for the Seventh Circuit. The appeal was consolidated with the other appeal pending between REDI and Sidwell in the Seventh Circuit (App. A).

3. Upon rendering its decision on the consolidated appeals, (App. A) the Court of Appeals for the Seventh Circuit reiterated the fact that the first contract regarding the tax maps for the City of Chicago and the second contract for tax maps for the rest of Cook County did not mention ownership of the copyrights. The Court also reiterated that under the work-for-hire doctrine incorporated into the 1909 Act, "The County, as the employer of Sidwell, was presumed to be the owner of the copyright with the burden on Sidwell to demonstrate a contrary intention . . ." but "the presumption that the County Board was to retain the copyrights can be rebutted by the conduct by the parties in the absence of a written assignment." (App. A, p. A3-A4). The court of appeals recited the additional findings of fact entered by the district court after remand of the first appeal. It affirmed based on the silence of the contracts as to copyright ownership and on the fact that sample maps bearing the copyright notices, which although were referred to in the contract, were found not to be incorporated as part of the contract. The court held there was insufficient evidence to show that the parties intended that Sidwell would own the copyrights to the original tax maps.

As to the matter involved in the second appeal which was consolidated with the first appeal for oral argument, the Seventh Circuit then stated (App. A, p. A6):

> There is also no need to consider Sidwell's arguments that in view of its original contribution to the maps a copyright for the updated maps belongs to it. As we noted in the original appeal, "upon reconsideration the [district] court again . . . [found] that under the work-for-hire doctrine, the County retains ownership of the copyrights. Any renewal rights would remain with the County. Citing *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1215-1216 (2d Cir. 1972), certiorari denied, 409 U.S. 997.

Regarding the preliminary injunction motion the Seventh Circuit also affirmed the district court stating (App. A, p. A6):

> Such injunctive relief is properly denied principally because, as held above, Sidwell is not entitled to copyrights on these maps.

The preliminary injunction, however, involved copyrights which were materially different than the copyrights "as held above". That is, the preliminary injunction motion involved copyrights to maps created under the first (undisputed) contract and renewal copyrights, whereas the copyrights "as held above" were on the original copyrights to the Cook County tax maps (excluding the City of Chicago) produced under the second contract, with Cook County. Copyrights on the maps for the City of Chicago were made pursuant to a contract separate and distinct from the contract for other portions of Cook County and were *not* at issue in the prior rendered decision. The right to renew copyrights is retained by the author, irrespective of ownership of the original copyrights, and the court below did not recognize the difference between the legal entitlement to renewal and original copyrights.

REASONS FOR GRANTING THE PETITION

This case presents the issues of whether the interpretation of the Copyright Acts by the court below, violates the constitution and is in conflict with established law since said interpretation deprived the author of copyrighted works of the initial ownership therein and since said interpretation deprived the author of the renewal rights to the copyrights.

In affirming the district court's order declaring the copyrights to the original tax maps to Cook County, excluding the City of Chicago, as invalid and in affirming the district court's denial of Sidwell's motion for preliminary injunction on renewal copyrights and copyrights on the City of Chicago, the court below committed three fundamental errors of substantial public importance. First, the court below unconstitutionally applied the 1909 Copyright Act by interpreting the word "author" to include a commissioning party as an "employer" in the case of works made for hire. This decision constitutes an unconstitutional interpretation of the Copyright Act in making a party other than an "author" the initial owner of the copyright on the author's creation.

Secondly, the court below erred in not distinguishing an author's rights to renewal copyrights under the 1909 Copyright Act from the rights of an employer or sponsor to ownership of original copyrights. This is in direct conflict with this Court's decision in *Stewart v. Abend*, 110 S.Ct. 1750 (1990) and is in conflict with *Yardley v. Houghton-Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939) and *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569 (2d Cir. 1955). In *Stewart v. Abend, supra*, this Court held

that renewal copyrights are separate and distinct from original copyrights. Even though an author may have assigned its rights to the original copyrights in the case of a commissioned work, the author still retains the exclusive right to renew the copyrights and own them separately.

Thirdly, the court below erred in holding that the original intention of the parties for Sidwell to own the copyrights was not established by the evidence of record and in failing to consider that the parol evidence offered by Sidwell on the issue of original intent.

A. THE COURT OF APPEALS ERRED BY UNCONSTITUTIONALLY INTERPRETING THE WORD "AUTHOR" IN THE 1909 COPYRIGHT ACT TO INCLUDE A COMMISSIONING PARTY.

Article I, Section 8, Clause 8 of the Constitution provides that:

> [T]o promote the Progress of Science and Useful Arts, Congress may Secur[e] for limited Times to Authors and Inventors the exclusive Right to their . . . Writings . . .

In *Burrow-Giles Lithographic Co. v. Sarony*, 11 U.S. 53, 61 (1884) this Court has defined who is an "author":

> [An author] is the person who effectively is as near as he can be, the cause of the picture which is produced, that is, the person who has superintended the arrangement, who has actually formed the picture by putting the persons in position, and arranging the place where the people are to be . . . (citing *Nottage v. Jackson*, 11 Q.B.D. 627 (1883)).

More recently, in *Community For Creative Non-Violence v. Reid*, 490 U.S. 730, 109 S.Ct. 2166 (1989), this Court considered the meaning of "employee" as the term is used in the Copyright Act of 1976. There it was held

that the term must be interpreted to be consistent with common law agency theory, which differentiates employees from independent contractors. The reasoning of this Court applies with equal force to "employer" which is the term interpreted in this case. The terms "employee" and "employer" are fully complementary, and since "employee" excludes an independent contractor, "employer" must necessarily exclude the sponsor or commissioning party who retains an independent contractor.

In *Reid, supra*, a sculptor was hired as an independent contractor to produce a statue, and, as independent contractor, under the 1976 Act he retained ownership of the copyright on the sculpture in the absence of an agreement to the contrary. This result is fully compatible with the constitutional provision which vests such rights in authors.[4]

The 1909 Copyright Act, involved here, does not have the same explicit provisions of the 1976 Act, and has thus been subject to interpretation or misinterpretation.

The Copyright clause in the U.S. Constitution expresses the idea of protecting authors' rights as the best means to encourage the advancement of the arts. (See Hearings on H.R. 4347, H.R. 5680, H.R. 6831, and H.R. 6835 before Subcommittee No. 3 at the House Committee under Judiciary, 89th Congress, First Session, Pt. 1 95 (1966) and A. Hill, *"The Work for Hire" Definition in the Copyright Act of 1976; Conflict Over Specially Ordered or Commissioned Works*, 74 Cornell Law Review, 559 (1989).) In accordance with the copyright clause in the Constitution,

[4] The nine specific categories of works identified in the 1976 Act for which the presumption is opposite were not involved in the fact situation of *Reid*.

Section 4 of the Federal Copyright Act (17 U.S.C. §4) provides statutory copyright protection for all of the works of an author. Section 26 of the 1909 Copyright Act (17 U.S.C. §26) declares that the word "author" shall include an employer in the case of "works made for hire", which is consistent with the constitutional mandate only to the extent that the employer can be said to be the creator of the work. The definition of Section 26 does not present a constitutional infraction in a case, for example, where the business of the employer is to create works, and the employee is merely the instrument through which that is done.

This reasoning does not apply, however to a case of an independent contractor. Here, just as in *Reid*, the commissioning party or sponsor had to seek an independent contractor outside his organization to arrange for the work to be created, and in no sense can the sponsor be considered the creator of the work. As in *Reid*, where the guiding advice of the sponsor failed to convert the sponsor into an author, also here, where Sidwell created the maps from aerial photographs which Sidwell itself took, and with lettering added by Sidwell personnel, the County cannot be considered to be author or creator in any sense.

The issue of the constitutionality of an interpretation of Section 26 of the Copyright Act has never been ruled upon. (11 A.L.R. Fed. 457, 461 "Application of 'Works for Hire' Doctrine Under Federal Copyright Act" (17 U.S.C. §1 *et seq.*)). Although in *Vitaphone Corp. v. Hutchinson Amusement Co.*, 28 F.Supp. 526 (D.C. Mass., 1939) there was dicta to the effect that Section 26 itself is not unconstitutional, in *Scherr v. Universal Match Corp.*, 417 F.2d 497 (2d Cir. 1969) Judge Friendly observed, in his dissenting opinion, that Article I, Section 8 of the Constitution authorizes only the enactment of legislation securing to

"authors" the exclusive right to their writings. He opined that it is quite doubtful that Congress could grant employers the exclusive right to the writings of employees regardless of the circumstances. Of course, the extension to independent contractors is doubly doubtful because an independent contractor creates independent works, and does not act merely as the instrumentality of an employer.

Professor Nimmer, a leading authority in the law of copyrights also agrees that Congress should not be able to circumvent the Constitution by writing their own definition of author and applying it to the Copyright Act:

> A constitutional defense . . . of Section 26 of the 1909 Act merely on the basis that Congress has created a sort of legal fiction in regarding an employer as the author renders meaningless the Copyright Clause's use of the term. If Congress may "deem" an employer to be the author, is there any limit to the other classes of persons (besides the true author) who may be the recipient of Congressional beneficence in this manner? *Nimmer on Copyright* (1990 ed.), §1.06[c] page [1-40] citing *Bailey v. Alabama*, 219 U.S. 219, 239 (1911): "The power to create presumptions is not a means of escape from constitutional restrictions".

This Court has observed that the 1909 Copyright Act does not clearly apply the work for hire doctrine to commissioned works. As this Court specifically stated in *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 109 S.Ct. 2166, (1989):

> In 1955, when Congress decided to overhaul copyright law, the existing work for hire provision was §62 of the 1909 Copyright Act, 17 U.S.C. §26 (1976 ed.) (1909 Act). It provided that 'the word 'author' shall include an employer in the case of works made for hire.' Because the 1909 Act did not define 'em-

> ployer' or 'works made for hire,' the task of shaping these terms fell to the courts. They concluded that the work for hire doctrine codified in §62 referred *only* to works made by employees in the regular course of their employment. As for commissioned works, the courts generally presumed that the commissioned party had impliedly agreed to *convey* the copyright, along with the work itself, to the hiring party. (emphasis added). 109 S.Ct. 2166 at 2174.

Thus, as to commissioned works, ownership was determined by an express or implied agreement and was transferred to the hiring party through a *conveyance* or assignment. There was not an automatic vesting of ownership, as there is in the case of an employer/employee relationship under the work for hire doctrine of Section 62. In other words, the courts strove to find what the agreement was in fact, and did not apply a presumption in favor of the commissioning party.

In *Community for Non-Violence v. Reid*, 490 U.S. 730, 109 S.Ct. 2166 (1989) this Court explicitly stated that up until 1966, the Work for Hire Doctrine in the 1909 Act had never been applied to commissioned works:

> At that time (1965), however, the courts had applied the Work for Hire Doctrine under the 1909 Act exclusively to traditional employees. Indeed, it was not until after the 1965 compromise was forged and adopted by Congress that a federal court for the first time applied the Work for Hire Doctrine to commissioned works. 109 S.Ct. 2166 at 2177.

See also *Brattleboro Publishing Company v. Winmill Publishing Corp.*, 369 F.2d 565 (2d Cir. 1966).

Even if this Court finds it is not a violation of the constitution for courts to eventually include in the definition of "author" the commissioning party of an independent

contractor under the work for hire doctrine, at the time that Sidwell and Cook County entered into their contracts in the late 1950's, courts had not yet interpreted "author" in that manner. Therefore, it is fundamentally unjust to apply retroactively a presumption, not yet in existence at the time a contract was made, to determine what two contracting parties intended. That is, it is unfair to assume the parties knew what the law would eventually be and use such an assumption as the basis for finding that the contract's silence meant the parties impliedly agreed that the commissioning party would own the copyrights.

In the present case, Sidwell's intention was clearly to retain title to the copyright and Sidwell's negotiators thought that the written contract did not need be explicit on the matter of copyright ownership for that aim to be accomplished. Given the state of the law in 1959, when the contract was negotiated, that thinking was completely justified, since there was at that time no precedent for an independent contractor-author losing title to the copyright on his work against his will.

The first case to apply the work for hire doctrine to commissioned works, *Brattleboro Publishing Company v. Winmill Publishing Corp.*, 369 F.2d 565 (2d Cir. 1966) did not consider the constitutional implications of its new interpretation, and no subsequent case either has dealt with this precise issue.

Absent clear and convincing evidence that the independent contractor intends to convey his rights to a copyright, to vest a non-author with ownership would completely thwart the language and intent of the Constitution. Thus, it is submitted that the presumption of Section 62 of the 1909 Copyright Act, which places the work for hire burden of proof on an *employee*, ought to be

reversed in the case of an *independent contractor.* It is submitted that unless the sponsor is able to show an original intention of the parties that the author transfer his ownership to the sponsor, the mandate of the constitutional provision requires that copyright ownership remain in the author.

B. THE COURT OF APPEALS ERRED BY REFUSING TO RECOGNIZE THAT AN AUTHOR'S RIGHTS TO RENEWAL COPYRIGHTS UNDER THE 1909 ACT IS DISTINGUISHABLE FROM AN AUTHOR'S RIGHTS TO ORIGINAL COPYRIGHTS.

The Copyright Act of 1909, §24, provides a copyright with two terms: a primary or original term; and a secondary or renewal term:

> In the case of . . . any work copyrighted by a corporate body (other than as the assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright . . . provided further, that in the case of any copyrighted work, including a contribution by an individual to a periodical or to a cyclopedia or other composite work, the author of such work . . . shall be entitled to a renewal and an extension of the copyright in such work . . .

See also: *Shapiro Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569 (2d Cir. 1955), *modified on other grounds*, 223 F.2d 252 (2d Cir. 1955); and *Donaldson Publishing Company v. Bregman, Vocco, and Conn, Inc.*, 253 F. Supp. 841 (S.D.N.Y. 1965).

The report of the House Committee which submitted the copyright legislation of the 1909 Act, explains how two separate terms are intended to protect authors:

> Your committee, after full consideration, decided that it was distinctly to the advantage of the author to reserve the renewal period. It not infrequently happens that the author sells his copyright outright to a publisher for comparatively a small sum. If the work proves to be a great success and lives beyond the term of 28 years, your committee felt that it should be the exclusive right of the author to take the renewal term, and the law should be framed as is the existing law so that he could not be deprived of that right. (H. Rep. 2222, 60th Cong. 2d Sess. p. 14 adopted as a report of the House Committee by the Senate Committee, C. Sen. Rep. 1108, 60th Cong. 2d Sess.).

Similarly, the Supreme Court stated in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 653-54 (1943):

> By providing for two copyright terms, each of relatively short duration, Congress enabled the author to sell his 'copyright' without losing his renewal interest. If the author's copyright extended over a single, longer term, his sale of the 'copyright' would terminate his entire interest. That this is the basic consideration of policy underlying the renewal provision of the Copyright Act of 1909 clearly appears from the report of the House Committee which submitted the legislation.

This concept is reiterated by Professor Nimmer, a leading authority on copyright law:

> The second period is intended not as an incident of the first for the benefit of the then owner of the expiring copyright, but as a second recognition extended by the law to the author of the work that has proven permanently meritorious. *Nimmer on Copyright* (1990 ed.) Section 9.02, page 9-23, quoting *Harris v. Coca-Cola, Co.* 73 F.2d 370, 471 (5th Cir. 1934)

The legislative intent would be frustrated, if before the expiration of the original term of the copyrights, the owner of the original term could extinguish the rights of the author to renew. The copyright statute is to be interpreted so that the renewal rights cannot unilaterally be extinguished. See *Bartok v. Boosey & Hawkes, Inc.*, 523 F.2d 941 (2d Cir. 1975).

The distinction between whether a copyrighted work was done by an employee in a work for hire situation, or whether the author was a commissioned independent contractor who conveyed title to the original copyright to the sponsor, is crucial to determine which party has the right to renew. While in the above situations, both the employer and the sponsor or commissioning party are owners of the original term of a copyright, ownership of the renewal rights is completely different in the above two situations. The employer has the renewal rights when the work is created by an employee, but the independent contractor/author retains the renewal rights on his works.

Professor Nimmer, the recognized leading authority on copyright law, explains that under the 1909 Copyright Act courts did not consider a commissioned independent contractor to fall within the work for hire doctrine. Consequently, an independent contractor, *not* the "hiring party", would have the right to the renewal copyright:

> Under [the 1909] Act, there was no special statutory provision equating commissioned works with works made for hire. If the author were a commissioned independent contractor rather than an employee for hire, the rule had been that the renewal rights vested in the author not the proprietor. (Citing *Shapiro Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569 (2d Cir. 1955) *modified on other grounds* 223 F.2d 252 (2d Cir. 1955); *Eliscu v. T.B. Harms Co.*, 151 USPQ

603 (NY Sup. Ct. 1966); and *Yardley v. Houghton-Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939). (*Nimmer on Copyright* at §9.03[d], page 9-41).

In fact, up until 1966, courts had never applied the work for hire doctrine to independent contractors. Independent contractors in commissioned situations were entitled to renewal copyrights, even though they were deemed to have impliedly conveyed the original copyrights. As this Court stated in *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 109 S.Ct. 2166 (1989), up until 1965 when Congress decided to overhaul copyright law, "the courts generally presumed that the commissioned party had impliedly agreed to *convey* the copyright, along with the work itself, to the hiring party." 109 S.Ct. 2166 at 2177. (emphasis added).

Professor Nimmer explains why under the 1909 Act a commissioning party does *not* have the right to renewal copyrights even if it is found to be the owner of the original copyrights:

> [As to renewal copyrights] the rights accorded to the commissioning party were arguably less under the 1909 Act than under the present law. That is, although under the 1909 Act a commissioning party might be initially entitled to claim copyright notwithstanding the absence of a written agreement to that effect, and notwithstanding the nature of the work in question, still the commissioning party's copyright under the 1909 Act, under at least one view, was valid only with respect to the initial term of copyright, not as to the renewal term. *Nimmer on Copyright* (1990 ed.) §5.03[b] at page 5-32.5 (Citing *Shapiro Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569 (2d Cir. 1955) et al.

An excellent example of a court recognizing a commissioning party's right to an original copyright while find-

ing it had no entitlement to the renewal copyright is seen in *Yardley v. Houghton-Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939). In *Yardley*, the court held that a commissioned artist had, by contract, conveyed his original copyright to the commissioning party, but still retained his rights to renewal copyrights.

As to the renewal rights, the court noted that only the artist (or his executor since he was then deceased) could legally obtain the renewal rights, citing *Fox Film v. Knowles*, 261 U.S. 326 (1923). The conveyance of the original copyright applied only to the *original* copyright and not the renewal. The rights to the renewal copyright remained with the artist (or his executor).

The holding in *Yardley* is in accord with the recent Supreme Court decision, *Stewart v. Abend*, 110 S.Ct. 1750 (1990). In *Stewart*, the author of a short story "It Had To Be Murder" assigned the rights to make the motion picture version of that short story to a production company which eventually assigned the rights to actor Jimmy Stewart and director Alfred Hitchcock, who formed another production company, Patron, Inc. Eventually, Patron, Inc. along with Paramount Pictures produced and redistributed "Rear Window" which is the motion picture version of the story "It Had To Be Murder". The author of "It Had To Be Murder" had also agreed to assign renewal rights to the work to the production company at the appropriate time.

Before the original copyright term expired and before the author could obtain the renewal term, the author died. Even though he had agreed to convey the renewal rights to the production company, this Court held that the production company had only an expectancy or contingent right to renewal terms since renewal rights arise only at

the time of the expiration of the original copyrights. The renewal rights were vested in the estate of the author. In fact, no one contested the court of appeals' determination that the estate of the author had a valid claim to the renewal term. Although this case does not involve the work for hire doctrine, it shows how renewal rights remain with the original author, even after he had assigned the rights to the original copyrights.

The court of appeals in the instant case disposed of the issue relative to the renewal copyrights without discussion and with a bare reference to *Picture Music v. Bourne*, 457 F.2d 1213 (2nd Cir. 1972). That case holds that when an *employer* becomes copyright proprietor because an *employee* made the work for hire, the renewal is also owned by the employer. The court below failed to distinguish between "employee" and "independent contractor" as this Court held to be necessary in *Reid, supra*. Given the definition of employee which this Court held to be appropriate in *Reid*, the *Picture Music* case is clearly inapplicable as precedent here.

C. THE COURT BELOW FAILED TO REVERSE THE TRIAL COURT ON THE BASIS OF THE EVIDENCE OF RECORD.

Notwithstanding the parol evidence which ought to have been considered below and which was not so considered, (*May v. Morganelli-Heumann & Assoc.*, 618 F.2d 1363 (9th Cir. 1980)); *General Casualty v. Elam*, 8 Ill. App. 3d 215, 289 N.E.2d 699 (5th Dist. 1972), the evidence of record offers ample justification for reversal. All of the circumstantial evidence of record tends to point to an original intention that Sidwell should own the copyrights, which evidence is noted in the Statement above and outlined in the 1987 opinion of the court of appeals. The find-

ing that the contract *deliberately* did not provide for copyright ownership in Sidwell is plainly wrong. The work for hire presumption had at that time never been applied to independent contractors. The evidence shows that Sidwell believed that the entirety of the contract with the County did so provide, and there is no evidence whatsoever that anyone believed that the County would own the copyright or that it was deliberately omitted from the written portion of the contract. Indeed, the excluded parol evidence would show the contrary. On remand the trial court merely adopted additional findings and conclusions offered by REDI and applied generally the same legal standard which had been held to be erroneous in the 1987 opinion of the court of appeals, retaining the focus on the fact that the written contract was silent on copyright ownership. Parol evidence was not considered. The trial court held, and the court of appeals affirmed, that Sidwell's failure to prove the intention and knowledge of the members of the *County Board* was fatal to Sidwell's claim, despite all the circumstantial evidence that County personnel knew and agreed all along with Sidwell's copyright claim. Thus, Sidwell's inability to prove facts which were first called into question nearly 30 years after the contract was negotiated resulted in forfeiture of rights which Sidwell, as well as the entire community,[5] had believed to be Sidwell's.

The reasoning of the courts below is not supported by *any* affirmative evidence—rather it is based on two omissions—first, that the written contract is silent, and two, that the members of the County Board were not proved to have the same intention as Sidwell. It was held to be

[5] The maps are commonly referred to in the trade as "the Sidwells".

either inadmissible or insufficient that employees and agents and representatives of the Board had knowledge of Sidwell's activities and copyright claims and that they assented to such claims.

Simply put, the result below represents nothing less than a travesty of justice. It is submitted that the record in this case is one which cannot support the judgment below, and that a study of the record leaves one with a profound sense that the judgment is erroneous.

CONCLUSION

The constitutional provision concerning copyrights limits initial ownership of copyrights to authors, and the judgment below impermissibly extends such to non-authors. Constitutional interpretation requires that independent contractors not be treated as employees under the work for hire doctrine, and if there is to be a presumption of ownership, it must favor the independent contractor-author and not the sponsor of the independent contractor.

The distinction between employee and independent contractor becomes even more important when determining an author's entitlement to renewal copyrights. Established law clearly provides that when an author explicitly or impliedly conveys an original copyright, the author still retains the right to renew, and the judgment below is in conflict with that principle.

The evidence of record compels a conviction that the judgment below, stripping Sidwell of copyrights which it had asserted without challenge for nearly 30 years, is erroneous.

For the above reasons, the petition for certiorari should be granted.

Respectfully submitted,

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